

Minutes of the Teleconference of the Lottery Advisory Commission  
September 16, 2004

Attendance

A teleconference of the Lottery Advisory Commission was held at 2:00 - 2:30 p.m., on Thursday, September 16, 2004. Representing the Commission were Representative RaeAnn Kelsch (Chairman), Representative Lois Delmore, Senator Jerry Klein, and Ms. Darlene Watne. Mr. Chuck Keller, Ms. Eileen Walsh, Ms. Tammy Backhaus, and Ms. Danielle Schaefer of the North Dakota Lottery also participated in the teleconference.

Commissioner Delmore made a motion to approve the minutes of the August 18, 2004, meeting. Commissioner Klein seconded the motion. The motion passed 4-0.

Mr. Keller stated that the Lottery's third game, Wild Card 2 will be launched on Thursday, September 23, 2004. Ms. Walsh stated that four retailer locations have been selected to launch the game. M & H Gas in Jamestown, B & J Tesoro in Bismarck, M & H Gas in Minot, and Sooper Stop in West Fargo were chosen due to their high sales. The launch celebrations will begin at 10:00 a.m.

These retailers bought radio remotes for the celebrations and will give away various store and lottery premium items. Throughout the launch day, players who buy a Wild Card 2 ticket at a launch location will be eligible to enter a drawing for round-trip airfare for one person to Las Vegas, NV. One entry form will be provided to a player for every \$1 in Wild Card 2 tickets bought. The drawing for the airfare will be held at 8:00 p.m. at each location. A representative of the Lottery will conduct the drawings.

Chairman Kelsch agreed to participate in the Bismarck launch and Commissioner Watne agreed to participate in the Minot launch. Mr. Keller and other Lottery employees will participate in the Jamestown and West Fargo launches. An informational packet will be provided to the participants.

Ms. Walsh described another Wild Card 2 promotion in which players can send in their non-winning tickets to the Lottery to win a trip for two people to Las Vegas, including airfare and hotel for 3 nights/4 days. Two winning tickets will be drawn. Also, the retailers who sold the winning tickets will also receive the same trip. This promotion will begin on September 23 and end on October 16.

Mr. Keller stated that the Hot Lotto jackpot of about \$10.8 million was won in Minnesota. The jackpot had rolled over since December 23, 2003 for 77 consecutive draws. The ND Lottery's average weekly per capita sales have been about four times higher than South Dakota, Montana, the District of Columbia, and West Virginia, and 50% higher than Minnesota and Iowa. The Iowa and Minnesota Lotteries draw sales have been about \$137,000 and \$309,000, respectively. The ND Lottery's weekly draw sales have been about \$57,000.

Mr. Keller stated that the Power Play promotion ended after seven weeks of receiving qualifying entries. The drawing for the Ethanol Fuel certificates will be held on September 17<sup>th</sup> at 9:00 a.m. at Stamart on Divide Avenue. There are two grand prizes of \$30 per week for 52 weeks, 2 runner-up prizes of \$20 per week for 26 weeks, and 112 smaller fuel certificates to be given away. Chairman Kelsch will be present at the drawing.

Mr. Keller indicated that the State Auditor's Office has recommended that the Lottery Advisory Commission serve as the Lottery's Audit Committee. Duties would include reviewing the audit report, reviewing significant accounting policies, approving management judgments or accounting estimates, approving significant accounting adjustments, and addressing any issues between the State Auditor's Office and the Lottery.

Mr. Keller agreed to work with the State Auditor's Office to draft a document that reflects the specific duties of an Audit Committee and he proposed to amend the lottery law to include this new responsibility. Commissioner Delmore made a motion to accept the role as an Audit Committee. Commissioner Watne seconded the motion. The motion passed 4-0.

Mr. Keller reported that the Lottery earned about \$1.7 million in net proceeds through June 30, 2004, and gross sales have passed \$10 million.

The next meeting was tentatively scheduled for October 18, 2004, from 10:00 a.m. to 12:00 Noon. The agenda will include a review of the Lottery's Financial Statements and discussion of proposed law changes.

Commissioner Klein made a motion to adjourn the meeting. Commissioner Delmore seconded the motion. The motion passed 4-0.